

## Message Text

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ACTION COME-00

INFO OCT-01 AF-10 ISO-00 OPIC-06 XMB-04 EB-07 RSC-01 /029 W

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R 171655Z DEC 74

FM AMCONSUL DOUALA

TO SECSTATE WASHDC 0835

INFO AMEMBASSY YAOUNDE

UNCLAS DOUALA 0350

COMMERCE FOR VOTTA

OPIC FOR PARNELL AND HENDERSON

FCIA FOR COORS

E.O. 11652: N/A

TAGS: BEXP, CM

SUBJECT: FOREIGN BUYER PROGRAM: GILBERT LONGUE

REF: A) DOUALA 344, B) STATE 267316

1. OPIC OFFICER HENDERSON IN DOUALA DEC. 3-6 VISITED G. LONGUE S.A. FOREST CONCESSION AND REVIEWED OPERATIONS IN DETAIL WITH DIRECTEUR ADJOINT (VICE PRES) M. BESONG. HENDERSON IMPRESSED WITH PROGRESS G. LONGUE S.A HAS MADE IN NINE MONTHS OF OPERATIONS. LONGUE EXPORT VOLUME PRESENTLY LOW DUE TO DEPRESSED TIMBER EXPORT MARKET LAST FIVE MONTHS. HOWEVER COMPANY RECENTLY PURCHASED USED SAWMILL DOUALA CITY TO MAKE SAWN LUMBER FOR LOCAL MARKET USING LOGS NOT ABLE TO EXPORT, WHICH SHOULD TIDE THEM OVER.

2. HENDERSON ALSO SPOKE WITH DIRECTOR CAMEROON BANK LTD (CBL), MR. KWENDE, WHO EXPLAINED BANK RECENTLY RECEIVED NEW INFUSION CAPITAL FROM SNI, GOVERNMENT DEVELOPMENT CORPORATION IN ORDER TO RESTORE CAPITAL OF 300,000,000 CFA (DOLL. 1.200,000) WIPED OUT BY LOSSES. RATHER THAN LIQUIDATE BANK, GURC THROUGH SNI DECIDED TO INTERVENE WITH CAPITAL AND OVERALL MANAGEMENT SUPERVISION. BANK HAS 9 BRANCHES AND EXPANDING. CBL IS ONLY WHOLLY - CAMEROON-OWNED BANK IN COUNTRY, SHARES ARE APPROXIMATELY EQUALLY HELD

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SNI AND PRODUCE MARKETING ORGANIZATION (PARASTATAL). TOTAL ASSETS

OF APPROX. 1.7 BILLION CFA (DOLL. 7.0 MILLION) AND CAPITAL OF 305 MILLION CFA (DOLL. 1.2 MILLION). ALSO SPOKE WITH HIGH SNI OFFICIAL WHO CONFIRMED THAT CBL REORGANIZED BY SNI IN ORDER PROVIDE NORMAL BANKING FUNCTION CAMEROON. "NORMAL" INCLUDES CREDITS UP TO 3 YEARS FOR COMPANIES WITH ADEQUATE MEANS REPAYMENT. CBL WILL REVIEW LONGUE DOSSIER AND CONSIDER CREDIT.

3. AFTER DISCUSSION WITH HENDERSON, M. BESONG, VP LONGUE, S.A., BELIEVES MINIMUM NECESSARY LOAN SHOULD BE ON ORDER DOLL.185,500 FOR THREE YEARS TO COVER PURCHASE ONE EACH ALLIS-CHALMERS B-21 TRACTOR, DOZER, RIPPER (DOLL. 102,880) AND FRANKLIN (DOLL.58,400), PLUS FIFTEEN PER CENT LOCAL COSTS. HENDERSON WOULD PREFER EXPLAIN RATIONALE OF NOT OVERBURDENING YOUNG COMPANY HAVING BRIGHT FUTURE PROSPECTS WITH HIGH DEBT SERVICING IN PRESENTLY DEPRESSED TIMBER MARKET, THEREBY LIMITING FUTURE POTENTIAL GROWTH, ESPECIALLY RE. LONGUE - LAMB PROJECT, DIRECTLY TO G. LONGUE ON RETURN TO WASHINGTON THE 18TH. MITHOEFER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 17 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974DOUALA00350  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740367-1016  
**From:** DOUALA  
**Handling Restrictions:** n/a  
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**Line Count:** 79  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION COME  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 74 DOUALA 344, 74 STATE 267316  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 26 SEP 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <26 SEP 2002 by ReddocGW>; APPROVED <09 JAN 2003 by MorefiRH>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FOREIGN BUYER PROGRAM: GILBERT LONGUE  
**TAGS:** BEXP, CM  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005